



Briefing Note: Draft Cabinet paper on Funding additional Trades Academy places

To:	Hon Chris Hipkins, Minister of Education		
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Summary

- You recently agreed to discontinue the DualPathways Pilot (the Pilot) at the end of 2018, and to transfer funding currently set aside for the Pilot to fund additional Trades Academy places from 2019 [METIS 1123364 and 1132132 refer]. This decision requires Cabinet agreement.
- This note provides a draft Cabinet paper “Funding additional Trades Academy places”:
 - for your feedback, and
 - for consultation with your Ministerial colleagues.
- There are two potential timeframes for lodging this Cabinet paper, depending on the time required to incorporate feedback from you and your Ministerial colleagues:
 - **Option One:** Cabinet paper finalised in time for lodging with Cabinet Office by **10am Thursday 5 July**, for consideration by **Cabinet Business Committee (CBC) on Monday 9 July**. This would entail you requesting ‘Power to Act’ for the CBC decision, as due to the upcoming recess Cabinet does not meet following CBC until 23 July.
 - **Option Two:** Cabinet paper finalised in time for lodging with Cabinet Office by **10am Thursday 19 July**, for consideration by **Cabinet Social Wellbeing Committee on Wednesday 25 July**, for Cabinet confirmation on 30 July.
- We are in the process of consulting the Treasury on the draft Cabinet paper. In addition, we will provide a copy of the draft Cabinet paper to DPMC.

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03/07/18

Draft Cabinet paper: Funding additional Trades Academy places

1. The attached Cabinet paper outlines the proposal to discontinue the Pilot at the end of 2018 and transfer funding currently set aside for the Pilot to provide 1,060 additional Trades Academy places from 2019. This will increase the total number of Trades Academy places from 6,190 in 2018 to 7,250 per year from 2019 on an ongoing basis.
2. The paper outlines key reasons why the Pilot has not had strong buy-in from schools and tertiary education organisations (TEOs). In contrast, Trades Academies continue to be oversubscribed and have proved to be successful in supporting young people to achieve NCEA Level 2 and supporting pathways to employment.
3. The paper highlights that the proposal will reduce administrative complexity for schools and TEOs and enable more students to access dual enrolment secondary-tertiary learning through Trades Academies where there is excess demand. In addition, increasing the number of Trades Academy places will provide more capacity for Level 3 provision in Trades Academies, and this is intended to encourage more participants to progress to higher-level education and training.
4. Opportunities for students to access additional Trades Academy places will be broadly in-line with those funded through the Pilot. Almost all schools and TEOs participating in the Pilot are also participating in a Trades Academy. Those that are not currently participating in both will be encouraged to become a delivery partner of an existing Trades Academy delivering provision in their region.
5. Most Pilot provision in 2018 is at Level 3. It is expected that the additional Trades Academy places are likely to have a similar focus, to ensure these learning opportunities continue to be available at Level 3.

Financial implications

6. Trades Academy students are funded through a learner-centred funding model, which is split between the school and TEO. Additional pastoral care and co-ordination funding is paid per learner, and transport funding is paid based on transport needs. The net cost per additional Trades Academy place is \$7,048.36, which means around 1,060 additional places could be funded in 2019.
7. The proposal involves two fiscally neutral adjustments, one from Vote Tertiary Education to Vote Education, and the other within Vote Education. The within Vote Education transfer reflects the Trades Academy funding model, where some funding is transferred from the Secondary Education appropriation to offset in part the funding schools receive for students funded as Secondary-Tertiary Programme (STP) students (via the Secondary-Tertiary Interface appropriation).
8. Overall the proposal is fiscally neutral. The consequential full-year increase of \$12.958 million per annum in the Secondary-Tertiary Interface appropriation in Vote Education (with half year transfers in 2018/19) would be offset by reductions in:
 - Youth Guarantee fees-free funding which funded the Pilot tertiary costs (\$7.500 million per annum ongoing)
 - school resourcing funding as participants' schooling is part-funded to schools through the Trades Academy funding model (\$5.458 million per annum ongoing).

Timeframes for finalising Cabinet paper and lodging with Cabinet Office

9. There are two possible timeframes for lodging this Cabinet paper, depending on the time required to incorporate feedback from you and your Ministerial colleagues:

- **Option One:** Cabinet paper finalised in time for lodging with Cabinet Office by **10am Thursday 5 July**, for consideration by **Cabinet Business Committee (CBC) on Monday 9 July**. This would entail you requesting ‘Power to Act’ for the CBC decision, as due to the upcoming recess Cabinet does not meet following CBC until 23 July.
- **Option Two:** Cabinet paper finalised in time for lodging with Cabinet Office by **10am Thursday 19 July**, for consideration by **Cabinet Social Wellbeing Committee on Wednesday 25 July**, for Cabinet confirmation on 30 July.

10. We will work with your Office to establish which timeframe will be the most suitable.

Communications and Implementation

11. Should Cabinet agree to the proposal outlined in the Cabinet paper, we recommend that the Ministry and the Tertiary Education Commission (TEC) communicate the decision as soon as possible. Schools and TEOs are keen to know now what secondary-tertiary learning options will be available for 2019.
12. The annual Trades Academy place allocation process is currently underway. Given this, the Ministry will need to run a small additional allocation process alongside the standard one. This will use a similar criterion to the current process, with the expectation that the additional places will be targeted to Level 3 provision in-line with provision funded in the Pilot in 2018.
13. The Ministry and TEC will also work where possible to encourage the small number of TEOs and schools that have been participating in the Pilot but are not currently in a Trades Academy to become a delivery partner of a current Trades Academy.
14. We expect that schools will be notified of their main place allocations for 2019 by late August, and for the additional places by mid-to-late September (depending on timeframes for the Cabinet decision and the Ministry being able to start the additional allocation process).

Consultation

15. The TEC has been consulted on the draft Cabinet paper, and the Treasury is currently being consulted on it. We will also provide a copy of the draft Cabinet paper to DPMC.

Proactive Release

16. We recommend that this Briefing Note and Cabinet paper are proactively released once final decisions are made on this proposal (following any Cabinet agreement).

Annexes

Annex 1: Draft Cabinet paper: Funding additional Trades Academy places